

Message Text

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----- 095437 /65

P 221726Z DEC 76
FM SECSTATE WASHDC
TO AMEMBASSY BUENOS AIRES PRIORITY

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E.O. 11652: N/A

TAGS: EAGR:AR

SUBJECT:CCC CREDIT SALES OF WHEAT

REF: BUENOS AIRES 7618, STATE 263586

1. WE ARE PUZZLED BY INFORMAL PROTEST OF GOA SECRETARIAT
OF FOREIGN TRADE OVER ISSUE OF COMMODITY CREDIT
CORPORATION (CCC) SALES OF WHEAT. WE ARE WELL AWARE OF
WEAKNESS OF INTERNATIONAL WHEAT MARKET CREATED BY
SUBSTANTIAL INCREASE IN WORLD PRODUCTION. HOWEVER, WE
WONDER ABOUT SERIOUSNESS OF PROTEST WHEN ARGENTINA IS
SELLING WHEAT IN WORLD MARKET AS MUCH AS 15 DOLLARS/TON
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BELOW U.S. PRICES.

2. CCC CREDIT FINANCING IS FOR A MAXIMUM OF 3 YEARS AT
AN INTEREST RATE, IN THE PERU CASE, OF 9 PERCENT. THESE
CREDIT SALES ARE SUBSTANTIALLY DIFFERENT FROM THE HIGHLY
CONCESSIONAL SALES UNDER PL 480. THE CCC PROGRAM HAS BEEN

IN EXISTENCE FOR THE PAST 20 YEARS WITH SIMILAR ACTION IN
FINANCING OF WHEAT SALES BY CANADA AND AUSTRALIA. THE
GOVERNMENT OF ARGENTINA, FROM TIME TO TIME, HAS
NEGOTIATED BILATERAL WHEAT SALES WHICH ADVERSELY AFFECT
THE ABILITY OF U.S. WHEAT TO COMPETE IN THESE MARKETS.

3. IF THE EMBASSY BELIEVES IT WOULD BE HELPFUL, WE ARE
PREPARED TO ARRANGE INFORMAL DISCUSSIONS CONCERNING
COUNTERPRODUCTIVE COMPETITION IN WHEAT INCLUDING ISSUE OF
CCC CREDIT AND PRICES FOR WHEAT WITH GOA REPRESENTATIVES
IN WASHINGTON AT MUTUALLY CONVENIENT TIME IF GOA SO
WISHES. SINCE THE EXPORT CREDIT SALES PROGRAM HAS BEEN
IN EXISTENCE FOR OVER 20 YEARS, WE ARE DOUBTFUL THAT SUCH
DISCUSSION COULD PROVIDE GOA WITH MUCH NEW INFORMATION.

ROBINSON

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